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Towards a Unified Theory of Brand Equity: Conceptualizations, Taxonomy and Avenues for Future Research

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Key words: branding, brand equity theory, stakeholder value and perspective, financial performance, marketing assets, sources and determinants of brand equity

Abstract: This paper aims to look into contemporary thinking within the brand equity paradigm, with a view to establishing avenues for further research on the drivers of brand equity formation, enabling a more in-depth understanding of the antecedents of brand equity and its determinants, as well as the development of an improved instrument to measure brand equity. We develop the relating conceptual study through differentiation and integration as a specific conceptual goal. We present a taxonomic framework of brand equity grounded on a synthesis of contemporary approaches to the theme. In so doing we identify gaps in the brand equity literature, which we hope will serve as beacons for future research and provide valuable theoretical insights on the determinants of brand equity formation and the development of better brand equity measurement tools. We argue that the unifying brand equity theory should be based on three pillars: stakeholder value, marketing assets and brand financial performance outputs.

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Towards a Unified Theory of Brand Equity: Conceptualizations, Taxonomy and Avenues for Future Research

1. Brands, branding and their role in contemporary societies

Modern-day living in contemporary societies would be very different without the proliferation of brands and their ramifications on the livelihoods of individuals. Our lives are marked and framed with goods that we consume, their names, symbolism, and true or false promises. Branding is a pivotal societal construct, as little remains unbranded in today´s world. By successfully deploying brand management knowledge and techniques to differentiate otherwise undifferentiated goods and services of similar functional worth, organizations are capable of fully exploiting domestic resources and aggregate value to market offers with positive consequences when catering to often conflicting exigencies of key stakeholder constituencies.

Brand management antecedents and their ramifications have drawn considerable attention over the last couple of decades from both the academic and practitioner communities. Indeed, successful brand-building, ways and mechanisms in which to attain it, and its importance to organizations have experienced extensive scrutiny in the extant literature (e.g. Christodoulides and de Chernatony, 2010; Srinivasan *et al.*, 2005; Park and Srinivasan, 1994; cf. Davcik and Rundquist, 2012; Paswan *et al.*, 2012). Moreover, there has been a particular focus on the role of branding as a protector of the organization in times of turbulence, typified by constant change and volatility in the macro-environment (King, 1991).

Conventional wisdom shows that an organization does well when it carefully manages its portfolio of brands and invests in them. There is, however, only limited academic literature and scarce knowledge emanating from the practitioner world on strategies and solutions for brand building, as well as the determinants of brand equity. One possible explanation for this can be traced to a very heterogeneous knowledge base representing a broad number of industries and countries. This implies an inherent difficulty in attaining generalizability of findings and a corresponding challenge for achieving external validity required to develop theory. Current brand knowledge is also viewed as having little practical value as well as not providing meaningful business solutions for practitioners. A second reason why this may be the case is the lack of a general unifying theory of brand equity applicable across multiple industry contexts.

Contemporary marketing theory and practice should therefore seek to describe and explain how brands are managed and used for the creation of brand equity. The emphasis should be on the critical importance of brand equity formation to the organization and its role as caretaker of the varying and often conflicting interests of key stakeholder constituencies, and in particular the interests of discerning and sophisticated consumers. Unfortunately, in spite of growing literature on the subject over the last couple of decades, a unique and straightforward answer on the creation and management of brand equity has not been forthcoming.

This paper critically evaluates the current body of brand equity knowledge and its measurement approaches. We execute the assessment based on differentiation and integration as specific conceptual goals, following the approaches of MacInnis (2011) and Yadav (2014). The assessment contributes to marketing theory development because it

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demonstrates how conceptual entities are different, identifies antecedents, and suggests contingencies. In doing so, we present a synthesis of approaches to themes, a taxonomic framework, theoretical and methodological gaps in brand equity literature, and directions for future research toward a unified theory of brand equity. With this in mind, a short overview of the evolution of the brand management themes is presented next. In the following section sources of brand equity and the determinants of brand equity formation are discussed from theoretical and historical perspectives. We conclude with a call for the development of more comprehensive methodological approaches for the study of brand equity.

2. Brand management challenge: conceptualizing brand and brand equity

One of the first references to branding, or what is currently thought of as basic brand theory (Ambler, 1997), can be traced to the work of St. Augustine of Hippo (Aurelius Augustinus Hipponensis) in the fifth century A.D. St. Augustine is important to contemporary brand theory because he was the first to make the distinction between functional utility as a criterion for value ascription (Jevons, 2007) and psychological benefits that constitute an integral part of consumption experiences (Ambler, 1997), leading to the idea of differentiation based on product intangibles. These two concepts, the constraint of need (functional utility) and appeals grounded on desire (benefits of ownership), are expressed in modern conceptualizations of needs and wants (Jevons, 2007). Similarly, the sermons of San Bernadino of Siena (XV c. A.D.) referred to the existence of differences between *virtuositas* (functionality), *raritas* (scarcity), and *complacibilitas* (psychological benefits), and merchants considered all three when setting commodity prices (*justum pretium* – "just", fair price) (Ambler, 1997; Jevons, 2007). Contemporary branding practice uses the same differences to create unique messages for brand stakeholders.

2.1. Conceptualization of brand

Conventional marketing thinking defines a brand as an entity that provides added value to key stakeholder constituencies based on factors that extend beyond the functional characteristics that are intrinsic to the goods and services that are traded under those brand names (cf. Farquhar, 1989; Aaker, 1991). These added intangible values differentiate a product from its competitors, influence consumer preferences, and enhance customer satisfaction levels often leading to greater customer loyalty.

Early discussions on branding and its importance appear in business literature by notable marketing scholars such as Smith (1915) and Copeland (1923). According to these authors, individuals will be reluctant to buy a product if there is no recognizable and positive brand name by the manufacturer. Later, scholars such as Gardner and Levy (1955) expanded these concepts noting that brands are embedded within a complex symbolism representing a variety of attributes and ideas, and that brand names are thus much more than mere labels that distinguish between products enabling consumers to tell them apart in the context of complex buying situations. Gardner and Levy (1955) also argued that brands encapsulate sets of ideas, feelings, and attitudes about an organization's products, and that consumers make product choices based on elements of these sets they find most appealing.

The development process in the social sciences has a tendency "to be an endless spiraling of ambiguities of language" (Gabbott and Jevons, 2009; p. 120). Indeed, Gabbott and Jevons (2009) contend that the term "brand" is a highly contextualized entity susceptible to diverse contemporary approaches and understandings, and consequently to a never-

ending theoretical development process. Theoretical development processes in this context, however, are generally viewed in two distinct ways. One if from a nominal perspective, while the other is the real form.

The nominal form of something (*quid nominis*) is defined by its name, but the essence of something can only be determined, when and only when, we know its real form (*quid rei*) (Gabbott and Jevons, 2009). Therefore, it is highly unlikely that a single definition of brand, one that is consensual and widely accepted, can be developed. Gabbott and Jevons (2009; p.121) have proposed that there will 'never' be a unifying definition of "brand", and that it is "a constantly evolving series of contexts or lenses through which the phenomenon is viewed". Thus, in the rich, context-laden environment of contemporary organizational realities, a number of different "brand" definitions, understandings, and approaches may co-exist and compete for acceptance.

2.2. Conceptualization of brand equity

A brand is not a mere name for a product. Rather, a brand is a supplier's guarantee that it will continuously and consistently deliver on its promises, including promises explicitly or implicitly made on tangible features, specific quality thresholds, and benefits and convenience to the consumer. A brand signals to the consumer the source of the product and should act in a manner that protects consumers and producers from competitors who attempt to provide identical products (cf. Copeland, 1923; Smith, 1915; Aaker, 1991; Davcik and Sharma, forthcoming). In other words, a brand has to help in product differentiation when stakeholders have asymmetric information about its quality and performance as well as in providing product loyalty mechanisms against new entrants in the market (cf. Schmalensee, 1982; Davcik and Sharma, forthcoming). A modern approach to branding includes a comprehensive list of elements that overlap traditional understandings of the brand concept and includes not only distinguishable tangible product-related features, differentiation by name, color, or any other visible characteristics, but also intangibles, such as utility expectations or consumer subjectivism. Contemporary paradigms on branding issues and scholarly thought have focused mostly on consumer attitudes, loyalty, perceptions, etc., as well as on organizational marketing investments in a brand.

Modern marketing theory and practices have recognized the brand equity paradigm as a key strategic asset for organizations. Keller and Lehmann (2006) have argued that a brand is influential or manifests its importance at three key levels which correspond to three distinct yet interconnected market dimensions, or indeed three distinct markets: customer, product, and financial markets. Thus, value accrued by these markets may be designated as brand equity. The brand equity paradigm has been discussed extensively in marketing literature and many researchers have offered a wide array of definitions for the brand equity concept (Aaker, 1991; Farquhar, 1989; Sriram *et al.*, 2007; cf. Christodoulides and de Chernatony, 2010) as well as different perspectives on the factors that influence brand equity. Indeed, academic discussion is inconclusive about the conceptual foundations, sources, essence, and measures of brand equity (Davcik, 2013). For example, there is no consensus in the literature whether brand equity refers to the value of a brand name or the value of a brand (Park *et al.*, 2008) or what is the theoretical delineation of brand equity in the multi-brand organization — i.e., how brand equity affects the brand portfolio strategy and firm performance. Typical consumer demand is heterogeneous and it is prone to try different brands — i.e., is willing to switch easily between brands. Businesses thus face challenges managing both consumers' switching behaviors and their broad brand portfolios. This in

consequence, makes their own brands compete against each other for limited intra-firm resources and consumers. It is unclear in contemporary branding literature how managers may utilize the limited firm resources and branding strategy to improve the firm performance. Furthermore, there is no consensus either about an appropriate measurement approach: customer-based, product-based, financial based, etc. (e.g. Aaker, 1991; Keller, 1993; Simon and Sullivan, 1993). However, two brand equity research streams are dominant in empirical research—the customer-based and financial-based approaches. The focus of the customer-based brand equity paradigm is the interaction between a customer and the brand, as well as the consequences which yield that interrelationship (e.g. Aaker, 1991; Keller, 1993; Pappu *et al.*, 2005; cf. Cuneo *et al.*, 2012; Veloutsou *et al.*, 2013). In contrast, the financial-based brand equity paradigm uses the brand's financial value as a measure of success and performance (e.g. Simon and Sullivan, 1993; Ailawadi *et al.*, 2003; cf. Isberg and Pitta, 2013; Davcik and Sharma, forthcoming).

A widely used definition emanating from the marketing literature identifies brand equity as the value added by the brand name to a product that does not possess a brand name (Farquhar, 1989; Keller, 1993; Sriram *et al.*, 2007). A more comprehensive definition of brand equity characterizes it as the value of the brand that derives from high levels of brand loyalty, perceived quality, name awareness, and strong brand associations, as well as assets such as trademarks, patents and distribution channels that are associated with the brand (Kotler and Keller, 2012; Aaker, 1991; cf. Sinclair and Keller, 2014). Aaker (1991, p. 15) also posited that brand equity is "a set of brand assets and liabilities linked to a brand, its name and symbol that add to or subtract from the value provided by a product or service to a firm and/or to that firm's customers". Finally, Srinivasan *et al.* (2005) defined the brand equity construct as the brand's annual incremental contribution when contrasted with a base product.

Ambler *et al.* (2002, p. 23) have suggested that brand equity describes the asset created by a company's marketing effort that will "drive future cash flows from the sales of that brand". Furthermore, the brand equity terminology notes that a brand is an asset that can be bought or sold for a certain price (Aaker *et al.,* 2004; cf. Salinas and Ambler, 2009; Sinclair and Keller, 2014; Spielmann, 2014). Marketing assets, however, should not be mistaken for the financial expression of those specific assets, also known as "brand valuation" (Raggio and Leone, 2009; Salinas and Ambler, 2009; cf. Ambler, 1997; Kirk *et al.*, 2013). This term is partially misleading because the word "equity" has its origin in the realm of finance, but at its core it takes a subjective view and represents intangible cues that are valued by the consumer. For instance, Ambler *et al.* (2002) have argued that brand equity represents the customer mindset with respect to a brand, which includes perceptions, thoughts, experiences, attitudes, images, etc. It has been argued in the literature that brand equity "provides goodwill value in the face of uncertainty" (Broniarczyk and Gershoff, 2003; p. 163; cf. Shapiro, 1982) and crisis (cf. Hegner *et al.*, 2014; Suder and Suder, 2013; Brianna *et al.*, 2014) as brand equity may be taken to be a sign of the credibility of brand associations in the marketplace (Erdem and Swait, 1998).

2.3. Brand equity: a measurement and conceptual disarray

Brand equity should be formally measured, but searching for a single financial performance metric is a misleading endeavor (Ambler, 2008). Financial performance measures are generally short-term oriented and not inclusive of intangible brand assets as measured by brand equity (Ambler, 2008), and for organizations to

use only this type of brand performance assessment may jeopardize long-term business performance (Collins and Porras, 2000). In contrast, strictly consumer-based measures are limited by subjectivity and availability of respondents. Additionally, these intermediate outcomes are incapable of converting consumer value into financial value (Davcik, 2013). In other words, brand measurement methods must include non-financial measures, such as brand awareness, purchase intentions, and consumer loyalty, as well as financial measures that reflect consumer willingness to pay premium prices, market share, etc.

In a general sense, brand equity is considered as a positive marketing outcome due to the presence of a certain brand name associated with a particular good or service. The assumption is that the intended marketing outcome would differ if the same product does not carry that particular name or even any name at all (Farquhar, 1989; Keller, 1993); that is, if it were unbranded. This view, however, limits the flow of future research, as consumers when encountering brands inevitably possess knowledge of brand names, logos, packaging or products. In these situations, as suggested by Raggio and Leone (2007), consumers automatically generate perceptions and associations about the brand. It is therefore not possible for a brand to not have any brand equity. It is also very difficult even at the level of intellectual curiosity to fathom a possibility of establishing meaningful comparisons between branded and unbranded products these days for two reasons. First, in industrial markets there are in effect no unbranded products. Each product, which legally finds its way into the marketplace, will in some way possess some form of packaging and be called by something and thus will have a name. Even the most basic of staples, for example, groceries in the fruit market, will normally be traded under some producer´s name and consumers will be buying it from a legally established trading firm. Second, some researchers have compared in their studies national brands with private label brands (e.g. Ailawadi *et al.*, 2003; Choi and Coughlan, 2006). The latter are brands that are created for the benefit of retailers and wholesalers who bring them into the marketplace. Market evidence suggests that private label brands typically compete on price and they will often offer discounts. Consumer perceived quality of these products is a function of the track-record or history of these retailers and wholesalers, whose names act as guarantors of quality and satisfaction with the consumption experience (Kotler and Keller, 2012; Choi and Coughlan, 2006). In contemporary economies it is difficult to compare national brands vs. private label brands, as the latter have evolved from private label brands into private brands—they carry names that stand alone from the retailer's brand—which possess attributes that potential consumers can make judgments on as for any national brand. Secondly, several products being traded under the same category, both branded and unbranded, co-exist on the same retailer space, thus suggesting that brand comparisons are difficult indeed to make. But when they are made, there is always a possibility of an inherent bias towards branded products. The third reason that comparisons are of little value is that private labels can be clearly favored by the retailers to the detriment of other branded goods. This is often manifested in the allocation of shelf space, quantities allowed of the branded variety, pricing issues, as well as sales promotion initiatives and others (Kotler and Keller, 2012).

Despite numerous conceptual and operational definitions and models of brand equity, there is limited quantitative research examining its constructs based on solid empirical data (e.g., Atilgan *et al.*, 2005; Davcik and Sharma, forthcoming). Thus, to extend further research in the field it is necessary to consider a more comprehensive brand equity definition as well as

to establish determinants that influence brand equity performance. We discuss these issues in the following sections.

3. Sources of brand equity determinants

The brand equity concept can be discussed from different perspectives, namely, that of the investor, the manufacturer, the retailer, and the consumer. Similar to stakeholder management thinking, multiple perspectives are needed that allow for the harmonization of the often conflicting interests of various stakeholder groups with vested interests in the organization. Investors are more interested in the financial ramifications of the brand equity concept (Cobb-Walgren *et al.*, 1995), whilst manufacturers look at it from the viewpoint of its strategic worth and potential for application (Keller, 1993) in the pursuit of targeted marketing and financial goals, and retailers are predominantly concerned about the marketing implications of the brand equity concept.

These observations validate the importance of investigating the determinants of brand equity as well as its sources from a holistic organizational perspective. Such an approach is justified on the grounds that it depends on whose perspective one takes into account as to the meaning brand equity will assume. The concept will have different meanings but also different consequences and ramifications. Complex brand equity research therefore clearly demands multiple perspectives that in particular consider consumer wants and needs as well as behavior. For instance, contemporary branding literature posits that brands are social and dynamic processes that include multiple stakeholders, as brand value is co-created among stakeholders (Iglesias *et al.*, 2013, Merz *et al.*, 2009; cf. Hult *et al.*, 2011; Babin and James, 2010). This view may open new theoretical perspectives and conceptualizations in brand equity research. Furthermore, few conceptual developments or empirical research programs have been forthcoming in the academic literature that address the critical importance of marketing activities in creating brand equity, which specific activities are important, and the specific ways they contribute to brand equity creation (e.g., Barwise, 1993; Yoo *et al.*, 2000; Iglesias *et al.*, 2013). Thus, despite an overwhelming interest on behalf of researchers in brand management theorization, and in particular with regard to the specific coverage of the brand equity concept, the predominant focus has thus far rested on measurement issues of brand equity, not on its sources or determinants.

3.1. Brand equity: contemporary concepts and methodology

To synthesize and compile the extant literature, we analyzed the application of the brand equity paradigm from three distinct domains: (1) sources of brand equity, (2) determinants of brand equity, and (3) applied metrics / brand equity research approaches. This analysis is consistent with the theoretical framework by MacInnis (2011) and Yadav (2014); more specifically, we develop the relating conceptual study through differentiation and integration as specific conceptual goals. To do so, we accessed the Business Source Complete database to search for empirical and conceptual references that explicitly addressed the brand equity paradigm and its distinct domains in the title and/or abstract for the period 1990-2013. The database was filtered using the following keywords: brand equity, sources and determinants, for which we found 146 articles. We analyzed each of these papers in terms of their novel theoretical contribution to the theme and their application of distinct sources and determinants of brand equity. Additionally, we annotated applied metrics and analyzed different research approaches in each of these articles. After an additional contextual analysis and excluding the papers that only extend a common

theoretical background, because they do not give a novel theoretical understanding of the theme, we narrowed our theoretical foundations within the brand equity paradigm as presented in our taxonomy. Table 1 summarizes the main brand equity concepts and the body of research focusing on brand equity and its exemplars. The taxonomy describes the various models and approaches to the different brand equity concepts and its determinants, whether it will be conceptualizations, established metrics or sources and determinants of brand equity. The conceptual approach taken to define the brand equity concept is annotated with the letter *C*. Concepts that are used in the context of the investigation of brand equity metrics are annotated with the letter *M*, and studies that explore the source of brand equity and its determinants are marked with *D*. The conclusions that are presented are summaries of past studies which in turn point to broad questions and dilemmas around the theme of brand equity creation and management. There are many different research approaches and studies on brand equity measurement in the marketing literature, but those represented in Table 1 provide a novel conceptual foundation.

TAKE IN TABLE 1
TAKE IN FIGURE 1

Figure 1 is derived from the taxonomies and concepts discussed herein and attempts to represent key brand equity concepts from both consumer and organizational perspectives, whilst attempting to be inclusive of both the finance and marketing domains. The consumer-marketing dimension appears in the upper-right section of the matrix. This dimension is predominantly driven by marketing approaches to the explanation of brand equity formation, and derives its empirical grounding from consumer-focused studies. The financial-company dimension is positioned in the lower-left part of the matrix. This dimension is driven by financial approaches, with a focus on company actions, in the explanation of brand equity determinants.

The extant academic literature does not provide an appropriate measurement method which would potentially allow for a better understanding of the sources and determinants of the brand equity concept (Park and Srinivasan, 1994). The academic community is therefore advised to pay more careful attention to the development of a more systemic view of brands and products (Shocker *et al.*, 1994; Iglesias *et al.*, 2013; cf. Ambler and Styles, 1997). The research community should pursue more comprehensive theoretical approaches and business techniques. Further investigation in this field is thus required, with a possible future research agenda focusing on brand equity formation and its effects on firm performance. The analysis involves the perspective of both consumers and organizations, whilst simultaneously eliciting a better understanding of financial and marketing constructs and their role in the interface with the brand equity concept.

3.2. Brand equity taxonomies

Farquhar's (1989) research approach covers the strategic aspects of branding and the leveraging of brand equity. The author concludes that a brand is something that endows a product with intangible elements, whilst brand equity represents the added value that accrues to the organization, thus rendering the development of strong brands as imperative for organizational strategic thinking. Several questions remain unanswered, however, including what are adequate strategies for leveraging brand equity and what are possible determinants of brand value. The work of Farquhar (1989) has pre-empted future research on the strategic aspects of brand equity formation, its antecedents and processes, ways in which to leverage brand equity and how brands act as aggregators of value to core product functionality. In calling

attention to the fundamental need for the development of strong brands as an organizational imperative, avenues for research into the exploration of adequate strategies for leveraging brand equity are identified. Another research avenue is a better specification of the determinants of brand value formation, in ways that are inter-contextual and cover both products and economic activities.

Aaker (1991) is founder of the consumer-based brand equity approach, whose research focus is on the consumer, rather than the organization or other stakeholder groups. Aaker's brand equity model stipulates that brand equity is about the creation of value for both the organization and the consumer (Aaker, 1991; Aaker *et al.*, 2004). Consumer brand loyalty reduces vulnerability to competition, leveraging purchasing by keeping existing customers and attracting new ones to the organization. Brand awareness reduces consumer ambiguity and establishes familiarity with the brand, but it is also a sign of consumer knowledge of the organization and desirably undivided commitment to it. Often customers have no prior accurate knowledge of product quality parameters, and consequently consumer perceptions of quality stand to directly influence purchase decisions, especially when a buyer has no way of conducting detailed comparative analyses (Aaker, 1991). The author proposes the notion of brand equity and brand portfolio management being about the ownership of values and organizations being guardians of value systems. Both academic researchers and practitioners need to find appropriate tools and mechanisms for determining the sources of brand equity for organizations, whilst acknowledging their immense value as organizational assets on company balance sheets. A particular emphasis should be put on taking good care of brand portfolios, as they are guardians of brand value, and constitute more and more the embodiment of the most important and most valuable assets that companies possess, and that are inscribed as assets in balance sheets under goodwill.

Future avenues for investigation reside on what needs to be a sharper focus on the consumer, as well as on the underlying assets of brand equity, and the possible ways in which additional product features may aggregate value to underlying brand assets. As a corollary to this thinking, further research may explore a conceptualization of brands as tools for both short and long-term business strategizing.

Keller (1993) has defined and proposed ways in which to develop and measure customer-based brand equity based on individual consumer preferences. He suggests a conceptual model of brand equity, defined as "the differential effect of brand knowledge on consumer response to the marketing of the brand" (Keller, 1993; p. 2). Brand knowledge thus consists of brand awareness (brand recall and recognition performance) and brand image (associations the consumer makes with the brand). The author argues extensively for a customer-based brand equity approach which can be enhanced if a company is capable of creating a "favorable response to pricing, distribution, advertising, and promotional activity that is related to the brand" (Keller, 1993; p. 9), and the same thought process applies for licensing, as it can positively influence brand image. Customer-based equity occurs when a consumer is already familiar with a brand and has already developed some favorability and/or strong associations with the brand (Keller, 1993). Further research needs to be conducted on the idea of stakeholder emotional involvement, and in particular that of customers, and how these engage emotionally with the organization and its products, the processes, the codes of conduct, the terms of engagement that are inherent to customer emotional involvement. There is a dire need for continuous valid inputs into such critical knowledge as that of cultural specificities and aesthetics, which will always vary according to

geography, space and time, irrespective of how homogeneous, cultural and economic systems tend to become, or may turn out to be in the future. The development of a clear understanding of the possible dimensions of emotional attachment need to be scrutinized further, and valid benchmarks defined. Further research also needs to look into the role of brand equity dimensions in the shaping of business strategy, and the ways in which managers are capable of creating value through their own initiative and action in organizations.

Simon and Sullivan's (1993) model of brand equity is based on objective market-based measures, that incorporate the effects of brand performance outputs and account for the revenue-enhancing characteristics of brand equity. Their model has clear limitations, however, in that it is not applicable to non-public companies and also constitutes an aggregated macro approach, which is not deemed suitable for brand-level data, i.e., individual brands. Simon and Sullivan´s (1993) work also suggests that further research should indeed be conducted on brand equity, and how value is susceptible to being extracted from anyone or anything within the organization and its pool of assets. Financial-market based approaches are therefore welcome, and further research needs to be conducted on the financial aspects of brand equity. The emphasis should be on the development of measures and metrics that are based on objective market-based criteria, and that incorporate the effects of brand performance outputs. Aggregated macro approaches that go beyond individual brand-level data need to be developed. Future research also needs to identify more refined measures of market share and advertising, as this allows for better estimations of brand equity.

Kamakura and Russell (1993) have proposed behaviorally based measures of brand valuation that rely on actual consumer decision-making and consumption choices in the market. The authors conceptualize brand equity as a measure of the intrinsic utility or value of a brand to consumers and they derive brand equity measures by using a probabilistic choice model following the classical assumptions of random utility. The brand equity measures are estimated using several situational factors, including price, perceived quality of product features and recent advertising. Kamakura and Russell´s (1993) work also leaves open ideas for further research on consumer choice and the establishment of possible links with brand equity formation.

Yoo *et al.* (2000) have investigated the relationships between selected marketing mix elements and the creation of brand equity. They have proposed a model whereby an assumption is made that marketing mix elements exert significant effects on dimensions of brand equity (Yoo *et al.*, 2000). The authors focus on a few key elements, particularly on price, store image, distribution, advertising expenditure, price promotions or special deals, all marketing mix elements with a view to determining the relationship between these and brand equity formation. Yoo *et al.*´s (2000) work points out that areas for future research may focus on marketing management and the notion of looking into brand equity from the viewpoint of improving its conceptualization. They suggest that the research perspective shall be on actively seeking the determinants of brand equity as well as the interrelationship between brand equity and marketing mix management. Research on sales and its impact on brand equity is also recommended and the same thinking applies to incremental studies on the relationship between price and the quality of goods and services. Further research into how consumers use price as a proxy for quality evaluations of goods and services is particularly welcome.

Ailawadi *et al.* (2003) suggested in a study based on revenue-premium brand equity, that the latter is influenced by sales, generated by the organization working on the marketing mix whilst acknowledging the existence of

competitor brands that pursue similar objectives. The authors outline what they perceive as strategic implications by stating that (2003, p. 3) "equity is created (…) by the firm's previously existing strength from its corporate image, product line, R&D, and other capabilities". It has unfortunately been the case that the authors have not paid enough attention to the antecedents of brand equity and their origination, its determinants and drivers, and we are therefore left with only limited knowledge about their views on different marketing and strategic issues, rather than what could instead have been an analysis of brand equity measurements and techniques. Ailawadi *et al.*´s (2003) approach to brand equity resides mostly on what the concept signifies as a source of revenue premium for organizations. Further research needs to be conducted on the development of possible metrics and alternative approaches to the financial aspects of brand equity and its meaningful contribution to profitability.

The consequences of brand building investments (e.g. advertising) to brand equity formation requires further research and the same applies to research leading to a better identification of benchmark or reference brands. Novel issues and questions also naturally arise from the exploration of the relationships that are present throughout the development process of high-equity brands. Measurements that are grounded in price/revenue premium models are intuitively appealing. However, they can result in biased estimates of brand equity, in that a premium approach captures only one dimension of brand equity, and neglects its ability to mitigate marketing costs for existing and indeed future brands (cf. Simon and Sullivan, 1993). Revenue premium approaches are not widely accepted as valid theoretical frameworks due to vague identification of the benchmark brand, i.e., an identification of the brand without equity associated with it. The limitation of this approach lies in the fact that it expresses only the financial side of the brand equity paradigm without any consideration of marketing strategy. Subsequent approaches to the theme need to be based on objective market-based measures and incorporate the effects of brand performance outputs. More refined measures of market share and advertising are also needed, metrics that lead to the identification of more accurate estimations of brand equity.

Authors like Raggio and Leone (2007) have thoroughly disagreed with the revenue premium concept and have suggested that there may be a potentially positive outcome for pioneering brands if they are to establish a new brand category. They later demonstrated that customer equity is a measure of brand value, and should therefore not be misinterpreted as an independent equity measure (Raggio and Leone, 2009), but say nothing about how this is related to firm performance. Raggio and Leone (2009) also suggest new avenues for future research that focus on brand value formation and separation from the brand equity construct. Brand value represents the sale or replacement price of a brand and depending on whoever owns the brand this value differs. Customer equity is also a partial measure of brand value, and thus should not be considered as an independent equity construct (in comparison to other equity approaches). All of these themes are open questions that deserve careful scrutiny in future research programs, which will certainly contribute to their much needed clarification.

Keller and Lehmann (2003; 2006) have conceptualized and tested a model in its reduced form: marketing activities => product-market results => financial impact; adapted and "localized" within brands. Keller and Lehmann´s (2003; 2006) work also suggests there is ample ground for research to be conducted on the brand value chain (BVC) by taking a holistic approach that is inclusive of individual brand equity conceptualization approaches as well as suggesting alternative metrics and looking deeper

into brand equity sources and determinants of brand value and its creation.

The financial marketplace brings with it strategic implications for the determination of brand value, and this needs to be explored further in future research. Brand value chain (BVC) measurement approaches are fundamentally based on a focus towards the customer and the customer´s mindset, but they also include the product, as well as financial markets, their judgments, perceptions and valuations, and all of these constitute realities that are forever mutating. From a managerial viewpoint, the BVC suggests where and how value is created for the brand, and this is critical for an organization, as it allows for a persistent optimization of allocated resources, thus ensuring brand value maximization. The relative success or failure of a brand equity program is based on acknowledging the uncontrollable nature of factors that influence brand value creation. Other research may lead down the path of determination of how much of brand value gets transformed into shareholder value and how much of value creation is dependent upon established and executed marketing programs, as well as how determinant is the interdependence between factors that inhibit brand value creation. All of these questions conform to worthwhile lines of future enquiry.

Srinivasan, Park and Chang (2005) suggest possible avenues for subsequent research on sources of brand equity as seen from the viewpoint of consumer. The authors suggested measurement of the brand equity based on its money incremental contribution, which is based on customer’s incremental choice probability. Srinivasan *et al.* (2005) have proposed three sources of brand equity: brand awareness, attribute perception biases and non-attribute preference. But several questions remain unanswered. First, the study doesn’t offer appropriate measurement of the relative impact of each source on the brand equity. Second, the proposed customer-based measure of brand equity lacks the market valuation.

Ambler (2008) on the other hand suggested future research on financial marketing metrics with a view to attaining silver metrics for the assessment of performance. In this context, financial performance measures are necessary, but not sufficient when valuing brand equity, and thus silver metrics for brand equity that rely on complementary dimensions are deemed necessary. Furthermore, a poignant question that needs to be properly addressed in the context of future research into the topic, relates to whether brand valuation metrics should be limited to comparative analyses of marginal aggregated value that is inherent to branding, when contrasted with comparative financial outcomes that derive from equivalent unbranded products. Future research into the nurturing of marketing assets, as something one works on today, with a view to building tomorrow´s brand equity is an initial requirement for organizations seeking to build brand equity in the context of product brands as well as corporate brands.

4. Conceptual conclusions and recommendations

In studying brand equity formation, we call for the development of more comprehensive methodological approaches. MacInnis (2011) and Yadav (2014) argue that there are eight types of contribution in theory building, and not one unique way. This process reflects how the development of knowledge evolves and creates new contingencies. In doing so, we conducted the relating conceptual study through differentiation and integration.

TAKE IN TABLE 2

The meaning of specific conceptual goals was to differentiate conflicting focuses and to synthesize contemporary approaches to the brand

equity concept. The analysis suggests gaps in the literature and in practice exist in consumer-company value creation, consumer-financial as well as marketing-company domains. Our taxonomic framework (see details in Table 1) shows that several authors have followed the brand equity conceptualization approach (e.g. Farquhar, 1989; Aaker, 1991; Keller, 1993; Yoo *et al.*, 2000; Ambler, 2008; Keller and Lehmann, 2006); the brand equity metric approach as evidenced by Simon and Sullivan (1993), Kamakura and Russell (1993), Ailawadi *et al.* (2003), Srinivasan *et al.* (2005); as well as Yoo *et al.* (2000) and Ambler (2008), and have tried to investigate the sources of brand equity determinants. Having presented a typology as to what currently exists in the literature, we have concluded there is a need for further research that elicits a better understanding as to the antecedents of brand equity and its formation in organizations. Several authors (e.g. Aaker, 1991; Keller, 1993; Kamakura and Russell, 1993; Keller and Lehmann, 2006) applied the use of brand equity / brand values concepts, while Raggio and Leone (2007) asserted that equity / value constructs are related but must be separated and treated independently.

In following subsections, we first address open questions and issues from the existing literature that remain unanswered. We then suggest research domains toward a general brand equity theory.

4.1 Open questions and avenues for future research

We propose avenues for future research that derive from what we perceive and find as gaps in the existing literature on the basis of an analysis of the brand equity literature. These can be articulated by recourse to the formats and suggestions previously proposed. The interdisciplinary nature of these topics requires that they are approached systemically and often simultaneously, albeit with a concern for the integration of these isolated topics into a coherent whole. Based on an extensive literature review and taxonomy presented, we suggest three domains for future research avenues that should bring us toward a unifying theory of brand equity, namely: consumer and company value perspective (i.e., stakeholder value), managing marketing assets and financial performance. In establishing inroads into the brand equity literature and aligned with organizational needs and those of practitioners in the field the following themes and issues should undergo extensive scrutiny from the academic and practitioner communities alike:

1) Consumer and company value metrics (Stakeholder value)

- Future research on brand equity as seen from an internal stakeholder firm perspective
- Stakeholder emotional involvement with the organization
- Novel ways in which branding aggregates value to organizations and their products
- Brand management and brand equity formation as key to modern organizations
- Constant focus on the consumer
- Cultural specificities and aesthetics and variations according to geography, space and time
- Understanding of the possible dimensions of emotional attachment and subsequent search for valid benchmarks for stakeholder emotional connection with the brand
- Improvement of brand equity conceptualizations
- Further research on the determinants of brand equity

- The role and importance of brand equity to organizations
- Research to be conducted on the brand value chain (BVC), taking a holistic approach that is inclusive of heterogeneous brand equity conceptualization approaches
- Brand value chain (BVC) measurement approaches are based on the customer mindset, products, and financial markets and these realities change all the time
- Alternative metrics and identification of brand equity sources and determinants. This implies continuous search for the determinants of brand equity and further insights into consumer-based sources of brand equity
- The role of inter-organizational relationships in building high equity brands
- The relative success or failure of a brand program is based on acknowledging the uncontrollable nature of the multitude of factors that influence brand equity creation and this requires further enquiry
- Other research may lead down the path of how much the value generated by positive brand performance gets transformed into shareholder value…
  - … and how much of value creation is dependent upon established and executed marketing programs
  - ... as well as how determinate is the interdependence between factors that inhibit brand equity creation

2) Managing marketing assets

- Strategic aspects of brand equity formation, its antecedents and underlying processes
- Alternative paths into the development of strong brands in new environments
- Focus on the underlying marketing assets of brand equity and ways in which to identify specific features that constitute underlying brand assets
- Insights into taking good care of brand portfolios as guardians of brand equity
- Brands can serve as tools for both short-term and long-term business strategies
- Research into the role of brand equity and how it shapes business strategy in consumer and B2B environment
- Aggregated macro approaches that derive from brand-level data of individual brands should be emphasized
- The consequences of brand building investments (e.g. advertising) to brand equity
- Research on the interrelationship between brand equity and the marketing mix
- The role of intra-firm competition for limited firm’s resources in the brand equity creation
- Leveraging the internal firm forces in delineation of (multi) brand portfolio and their effects on the individual brand equity and firm performance
- Ways in which the marketing mix contributes to the bottom-line of brand equity formation
- The effects of marketing management and the marketing effort on long-term brand equity formation
- Better identification of what may constitute the benchmark or reference brand

3) Financial performance and outputs

- Leveraging brand equity
- The implications for sales, market share and profits of brand equity

- More financial-market based approaches to brand equity are welcome
- How brand equity and / or value can be derived from any company asset?
- Measures and metrics that are based on objective market criteria and that incorporate the effects of brand performance outputs.
- The determination of silver metrics of performance assessment. Financial performance measures are necessary, but not sufficient in valuing brand equity, and silver metrics for brand equity are thus seen as desirable
- Identification of more refined measures of market share and advertising effectiveness allowing for better estimations of brand equity
- Relationship between price and the quality of goods and services. How consumers use price as a proxy for the quality of goods and services?
- Subsequent metrics need to be based on objective market-based measures
- What factors need to be included for the improvement of brand equity estimations?
- Brand equity as directly extracted from company financial assets
- The financial marketplace creates different strategic implications for brand equity in consumer and B2B environment
- How to estimate the individual level of brand equity in the multi brand portfolio and contributions of intra-firm resources to the individual brand equity?
- Determine whether brand valuation should be limited to comparative analyses of the additional value ascribed by branding compared to profit streams derived from equivalent unbranded products or other ways should be devised into looking into these issues

4.2. Toward a general brand equity theory

The existing marketing literature suggests further research in the consumer and company co-operation domain. These views are in line with some contemporary approaches (e.g. Iglesias *et al.*, 2013; Merz, 2009; cf. Babin and James, 2010; Davcik and Sharma, forthcoming) that suggest embracing stakeholder co-operative perspectives in the creation of brand equity. We argue that an important pillar of brand equity theory is stakeholder value perspectives that posit brand equity as a social and dynamic process of brand creation among stakeholders, rather than having narrow and limited perspectives from the consumer or company view point. This is in line with the stakeholder marketing perspective which strongly suggests that value represents benefits from stakeholder exchanges (Hult *et al.*, 2011). Market power and control are not with consumers or company, but among brands' stakeholders. A second pillar must be marketing assets and their role in facilitating the value for stakeholders and expected outcome of brand's financial performance. For instance, a firm may invest heavily in sales promotion or advertising campaign, but if there is no value for stakeholders the financial performance output will be very small. The third pillar is brand financial performance outputs, such as premium price mark-up, high market share, high return on investments, etc. Most businesses make their financial plans and expected performance outputs. From a market dynamic perspective, a brand may have a high financial performance in the current period, but without continuous investments in marketing assets and stakeholder values that position will be jeopardized and in subsequent periods will be lost. As Hult *et al.* (2011) point out, the organization is a dependent part of social networks and holistic stakeholder marketing perspective may provide achievement

of performance goals through the value for all stakeholders.

TAKE IN FIGURE 2

Figure 2 represents the interaction among three business domains in the creation of brand equity. We believe that typical business situations cover only a small interaction area among these pillars of brand equity. The ideal situation is when these three pillars are unified in one single voice of the brand for all their stakeholders.

In the end, what is sought is a search for the Holy Grail of branding, a general brand equity theory. The theory shall expands on the basic notion that marketing performance is not only about the short-term profit or net cash flows, but also constitutes a proxy for future changes in marketing assets and / or stakeholder values, largely grounded on intangible dimensions of the value proposition that will sustain the organization well into the future. Future research should seek for a unified theory of branding, one that acknowledges that the brand is a fundamental marketing asset and an important financial performance driver, something one works on today, with a view to building tomorrow´s brand equity. This (future) theory must be of extreme organizational relevance and with significant implications for products as well as to corporate brand portfolios.

The next steps in theory building are:

(1) Development of a brand equity research framework that is inter-contextual and applicable across different types of brands and sectors of economic activity, one that also transverses time and geography. This framework must reflect the managerial importance of the construct as well as its nomological validity and reliability for all related stakeholders.

(2) Development and empirical testing of a research construct that will satisfy stakeholders, seen from both a financial and marketing asset perspective, an endeavor that is beyond the scope of this manuscript. As a way of example, the measurement construct will be different in self-reporting studies in comparison to the econometric analysis that uses panel data, but both approaches need to reflect all three theoretical perspectives. We intentionally do not suggest the specifics of the research as the topic requires further work.

(3) Development of a research framework that will take into consideration a multi-level nature of firm performance and heterogeneity of brand portfolio. Brand managers are facing constant pressures to manage brand portfolios strategically with a view to ensuring customer loyalty behavior, thus preventing switching practices and avoid being harmed by brand extensions, price wars and sales promotion incentives. Thus, future work must show how a firm may achieve superb performance with limited resources and intra-firm's mutually competing brand equities.

(4) The future work in the field needs to be focused on construct definitions and research propositions. For instance, the qualitative research based on three suggested theoretical perspectives can give us important directions on the brand equity phenomenon and empirical testing should validate the future measurement constructs, interrelationships as well as their sources and determinants.

5. Final thoughts

The brand equity paradigm and its importance for marketing theory has been a research focus for more than two decades. There is no agreement in the literature about how to develop a unique measure of brand equity, as well as what are its sources, drivers and determinants. The present article reflects some of the multifaceted nature and roles of articles found in the literature, although its primary focus remains on issues related to theory development by

identifying gaps and suggesting pertinent ways to augment it. In doing so, we followed MacInnis' (2011) framework for conceptual contributions in marketing and developed the resulting conceptual study through differentiation and integration as the first step in theory development.

Our study has two limitations that may elicit further avenues for future research. First, we focused our analysis on the brand equity paradigm and its sources, but not on brand value formation. In the marketing literature the two different terms "brand value" and "brand equity" are used interchangeably[1]. This situation, that results somewhat confusing, is a consequence of the missing unified theoretical foundation that could disentangle equity from the value concept. The majority of the literature reviewed and used for the taxonomy analysis reflects the same tangled use of concepts[2]. According to the prevailing brand equity paradigm and leading brand experts (e.g., Aaker, 1991; Keller, 1993; etc.) brand equity is an outcome, usually referred as "value", and analyzed from the consumer or financial perspective. So far, brand equity / brand value research has focused on outcomes and not on what this phenomenon is. Ailawadi *et al.* (2003) was a rare study that explicitly recognized this research problem. Therefore, if brand equity / brand value represents the brand outcome, there is an important unanswered question: what is the unidentified relationship between the entity (brand) and outcome (equity) that drives (certain) brand performance? This question has rarely been raised and has no clear answer in branding literature. This debate is beyond the scope of our study, but we hope that further work on a unified theory of brand equity will move us a step forward in identifying those antecedent relationships.

Second, a predominant research focus in the literature has rested on measurement issues of brand equity, not on its sources and determinants. In line with recommendations from MacInnis (2011) and Yadav (2014) for marketing theory development, we attempted to take a first step in filling this research gap with a thorough analysis and integration of the most important literature on the topic, and by indicating themes and (open) issues for future research.

[1] It is common in economic literature to use the term "goodwill", even though the authors refer to the brand equity concept.

[2] We are grateful to the anonymous reviewer for pointing out this mechanism.

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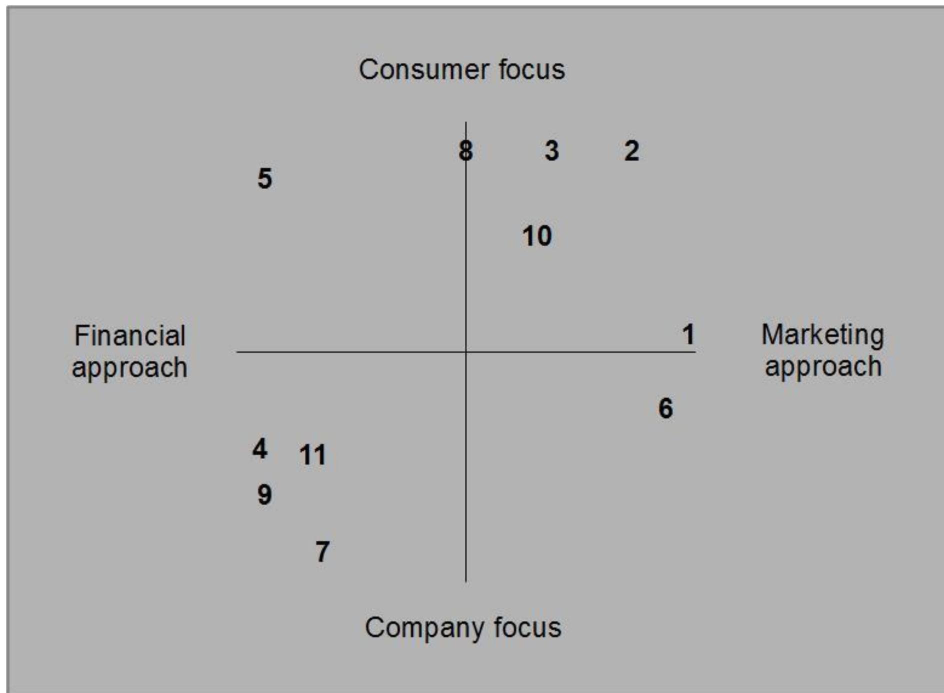
FIGURES:

Figure1: Brand equity concepts position matrix



Note: 1 – Farquhar (1989); 2 – Aaker (1991); 3 – Keller (1993); 4 – Simon and Sullivan (1993); 5 – Kamakura and Russell (1993); 6 – Yoo *et al.* (2000); 7 – Ailawadi *et al.* (2003); 8 – Srinivasan, Park and Chang (2005); 9 - Ambler (2008); 10 – Keller and Lehmann (2003, 2006); 11 – Raggio and Leone (2009)

Figure 2: Three business domains in the creation of brand equity

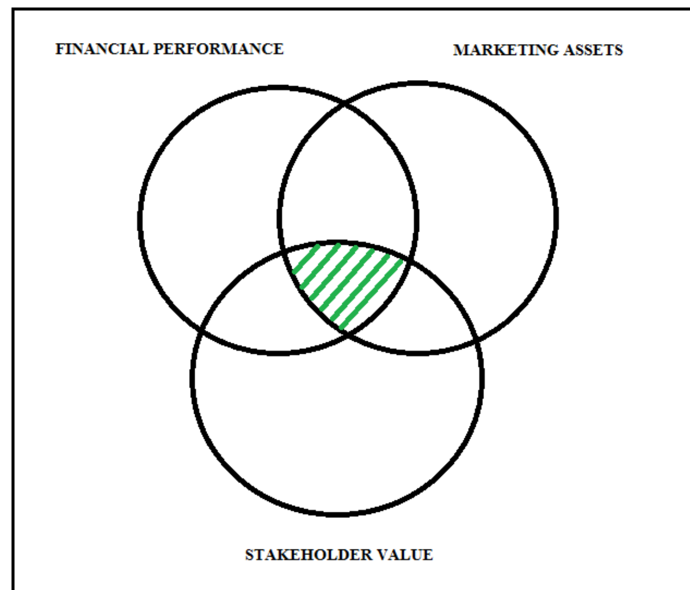


Table 1: Taxonomy of brand equity: main concepts, research focuses and exemplars

No.	Exemplars	Type of the brand equity model	Taxonomy notation	Research focus	Conclusion	Open questions and dilemmas
1	Farquhar (1989)	marketing management	C	strategic aspects and leveraging brand equity	Brand endows a product Brand equity is the added value Development of a strong brand is imperative	What is a proper strategy for leveraging brand equity? What are determinants of brand value?
2	Aaker (1991)	consumer-based brand equity	C	consumers	A management of brand equity and brand portfolio is a guardian of the brand value Defines underlying assets of the brand equity	How to identify specific features that constitute underlying brand assets? How brand can serve as a tool for long-term vs. short-term business strategy?
3	Keller (1993)	consumer-based brand equity: conceptual framework	C	consumers	Implications for sales, market share and profits A brand has a positive customer-based brand equity if consumers are attached to the brand	What are valid benchmarks? What are the effects of brand equity dimensions on business strategies? How marketers can create value for a brand?
4	Simon & Sullivan (1993)	financial market-based approach	M	financial aspect of brand value	The value of brand equity is extracted from the value of the firm's assets. based on objective market-based measures and incorporates the effects of brand performance outputs Not applicable on non-public companies Aggregated macro approach not applicable on brand-level data (individual brands)	More refined measures of market share and advertising are needed, in order to estimate brand equity more accurate. Which factors should be included to improve brand equity estimations?
5	Kamakura & Russell (1993)	consumer choice	M	consumer	BEq is a measure of the intrinsic utility or value of a brand to consumers Positive correlation between brand value and market share	What are possible links of the consumer choice to BEq and brand value formation
6	Yoo, Donthu & Lee (2000)	marketing management	C, D	marketing mix	The interaction effect of marketing mix on brand equity Sales has influence on brand equity Price is related to quality; consumers use it as a proxy for the quality	Has limited marketing efforts from a long-term perspective of brand management Comprehensive research on the interaction effect of brand equity dimensions on brand equity is needed. The role of brand equity in the firm's success need to be investigated.
7	Ailawadi, Lehmann & Neslin (2003)	revenue premium	M	financial aspect (contribution) of brand equity	Lack of insight into "the consumer-based sources of brand equity" (pp.15) Additional brand building investment (e.g., advertising) in the brand raise of the brand equity.	What is the identification of the benchmark brand? What are structural relationships in the development process of high-equity brands?
8	Srinivasan, Park & Chang (2005)	sources of brand equity	M, D	Consumer	BEq is a measure of annual money incremental contribution between branded and non-branded products. Sources of BEq are brand awareness, attribute perception biases and nonattribute preference.	The lack of market valuation of consumer-based measure and appropriate measure of the relative impact of each source on the BEq
9	Ambler (2008)	financial marketing metrics	M	determination of silver metrics for performance assessment	Financial performance measures are necessary, but not sufficient in valuing brand equity.	What is the silver metric for brand equity? "…should brand valuation be limited to the additional value of branding compared to the profit stream from the equivalent unbranded product?" (p. 417)
10	Keller & Lehmann (2003, 2006)	the brand value chain (BVC)	C, M, D	brand value creation	The financial marketplace creates strategic implications for the brand value The BVC measurement approaches are based on the customer mindset, product and financial market From managerial point of view, the BVC suggest where and how value is created for the brand. The relative success or failure of a brand program is based on recognizing the uncontrollable nature of factors that influence a brand value creation.	How much the value reported in the performance of a brand transforms to shareholder value? How much is the value creation dependent from established and executed marketing program? How is determinate the interdependence between factors that inhibit a brand value creation?
11	Raggio & Leone (2009)	Brand value formation	C, M	Firm's perspective	Brand value is analyzed from a firm's perspective Brand value represents the sale or replacement price of a brand and vary depending on the owner Customer equity is a partial measure of brand value, and should not be considered as an independent equity construct (p. 261)	Focus on brand value formation, as seen from an internal organizational perspective

Note: BEq - brand equity; C – BEq conceptualization approach; M – BEq metrics approach; D – Sources of BEq determinants

Table 2: Development of the Relating conceptual study

General conceptual goal	**Envisioning**		**Explicating**		**Relating**		**Debating**	
Specific conceptual goal	**Identifying**	**Revising**	**Delineating**	**Summarizing**	**Differentiating**	**Integrating**	**Advocating**	**Refuting**
Meaning					The brand equity concept is divided by the consumer or company focus as well as on financial and marketing approach	We synthesized contemporary approaches in brand equity literature		
Contribution (methodology)					Taxonomic framework			
Evaluative criteria					There is a conceptual disarray in the literature on brand equity due to the numerous, often conflicting, measurement approaches and definitions	We integrate stakeholder, financial performance and marketing assets perspective		
Facilitating tools					Analysis is based on three different domains: sources, determinants and applied metrics (research approach)			

Note: Table is adapted from MacInnis (2011)